

September 26, 2000

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Washington, DC 20250-3601



KAN SUN BEEF, INC.

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RE: Captive Supply Forum

Dear Sir or Madam:

I was in attendance at the USDA captive supply forum held in Denver, Colorado, September 21, 2000. Based upon the evidence presented at the forum and personal involvement and experience in the industry, I feel there is no other outcome that can occur except adoption of the petition filed by WORC.

In reference to experience and qualifications, I currently manage a 15000 head feedyard, which is involved each week in the marketing of live cattle. I have experienced first hand the power the packers have over the market when they have increased numbers of captive supply cattle, be it formula, contract or packer owned (including US Premium Beef). For instance some weeks when Farmland has a large number of formula cattle, i.e., USPB, that buyer may only buy 500 head out of this area, or if Monfort has a large number of formula cattle my buyer participates little if any in the market. When Excel has large numbers of their own cattle (Caprock), both owned by Cargill, or one of their other formula yards are running a lot of cattle, this buyer is out of the market or has limited buying power. IBP buys very few cattle out of my yard because of a high number of their own formula cattle. If any one, two, three or four of the above happens in one week the market appears to be depressed due to lack of competition even though available supply of cattle has not changed.

A good example of how this can be substantiated is by the evidence presented by Schwerterman, Inc. and the charts they have kept as well as additional evidence presented at the forum in Denver. Another good example of price manipulation took place off and on this year when Farmland would buy cattle in Iowa, Nebraska, or Missouri at higher prices in the beef than they were willing to pay for cattle within our region, which coincidentally set the base price for USPB cattle. In essence they paid a higher price for cattle from another region in order to keep the price lower for the bulk of their kill needs in this region.

We do participate in various grids due to the fact that it is the only way to receive some premium for our better cattle. If they were to be sold on today's market we would not receive any premium for their superior genetics and carcass traits. I can assure you if all cattle were bid competitively within the open market we would have the right incentive to produce the cattle the consumer wants.

I commend WORC for filing its petition and recommend Secretary Glickman take swift action in adopting and enforcing this initiative. I see how no other outcome can occur and will be highly concerned for the future of this industry as we know it if no action is taken. For this country was built on the equitability of a free and open market not monopolies.

Please feel free to contact me if you would like further information or clarification, 316-375-2282; 316-375-4504 (home); 316-874-4302 (mobile).

Yours truly,

Perry L. Owens
Manager
Kan Sun Beef, Inc.